

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4603

STATE OF NEW JERSEY

DATED: JUNE 23, 2015

The Assembly Budget Committee reports favorably Assembly Bill No. 4603.

This bill imposes a one-year surcharge on Corporation Business Tax (CBT) liabilities. The purpose of this bill is to increase the amount of revenue generated by the CBT and made available for the State budget. The surcharge is calculated as fifteen percent of annual CBT liabilities. The surcharge is in effect for tax years ending on or after July 1, 2015 but before July 1, 2016.

FISCAL IMPACT:

The Office of Legislative Services (OLS) notes that the bill will impact corporation business tax (CBT) collections for fiscal year 2016. The State Treasurer's May, 2015, estimate for fiscal year 2016 CBT revenues is \$2.6 billion, including both on- and off-budget sources and receipts from energy sources. A 15% surcharge on that amount would yield \$390.0 million. The OLS notes that 4% of this amount, or \$15.6 million, would have to be constitutionally dedicated for certain environmental programs pursuant to Article VIII, Section II, paragraph 6. The remaining \$374.4 million would not be dedicated and would be available as General Fund revenue.